

THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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October 23, 2013

Headlines...

Post-shutdown: What will it mean for the auto industry?

Plan *now* to attend WANADA's Annual Luncheon with Charles Krauthammer, Nov. 25

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Va. DOT chief touts replacement of gas tax with sales tax

Former DOT Secretary LaHood calls for a hike in gas tax

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Post-shutdown: What will it mean for the auto industry?



Will the end of the shutdown simply move postponed auto purchases later?

Does the last-minute deal to end the shutdown and avoid a government default mean the economy will continue on its gradual recovery and auto sales return to their robust pace? At a minimum, this month's sales will likely be affected. The situation is, of course, magnified in the Washington area, with all the federal workers *and* federal contractor workers.

Federal workers who cut back on their spending while they were furloughed may have simply postponed a planned car purchase or maintenance. But federal government contractors won't receive pay for the time they missed.

Hyundai CEO John Krafcik predicted the shutdown will cut 10 percent of this year's auto sales. NADA Chairman David Westcott, speaking in Detroit the day an agreement was finally reached, agreed with that figure. Turning lemons into lemonade, Joe Hinrichs, Ford Motor Co.'s president of the Americas, went so far as to tell TheDetroitBureau.com that a small cutback in demand might not be bad because capacity constraints had become a potential threat.



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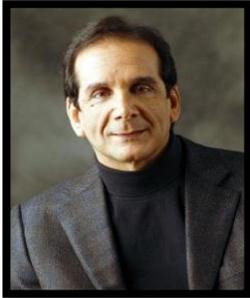
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The work of some government agencies was missed. National Transportation Safety Board Chairman Deborah Hersman said at a Senate hearing 10 days into the shutdown that her agency had suspended work on thousands of safety investigations. All but 22 of the NTSB's 405 employees were furloughed.

Congress voted to fund the government, but only until January 15; and to lift the debt ceiling, but until February 7. So are Americans poised to go through this all over again then? Has Congress learned its lesson? The polling shows the overwhelming majority of Americans hope the answers are "no" and "yes," but who knows? A bipartisan group in Congress has already started work on a budget deal that both sides can live with. Grand bargain? Unlikely. It seems the main goals will be finding ways to cut spending (Republicans remain adamant about not raising taxes) and to change the arbitrary effects of sequestration. Tax reform is a possibility, but it doesn't look likely in the near term.

Plan *now* to attend WANADA's Annual Luncheon with Charles Krauthammer, Nov. 25



The schedule is set, and the ticket office is open, for association members, guests and friends to register for the 2013 Annual WANADA Membership Meeting and Luncheon on Monday, November 25 at the Ritz-Carlton, Tysons Corner.

The keynote speaker is the incomparable political commentator and syndicated columnist Charles Krauthammer who will share his inside-the-Beltway perspective on where the president and Congress are taking America in our world, and how that will impact important sectors, like the automobile industry.

Krauthammer, the winner of the Pulitzer Prize and a contributor to *The Weekly Standard*, *The New Republic* and *Fox News*, is always insightful and provocative in his analysis and commentary and his remarks to WANADA luncheon attendees promise to be both thought provoking and memorable.

As with any WANADA Annual Meeting and Luncheon, association leadership will present a state of the automobile business report, and the membership will elect the 2014 Board of Directors. Preparatory to the program will be an invaluable networking opportunity for automobile business colleagues.

A detail sheet and registration paper can be downloaded, completed and faxed to (202) 237-9090 by [clicking here](#), or registration can occur on-line by [clicking here](#).

Contact Kristina Henry in the WANADA office with questions about the Annual Meeting and Luncheon at (202) 237-7200 or kh@wanada.org.



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FCC ramps up consumer consent rules on business marketing by phone, effective Oct. 16

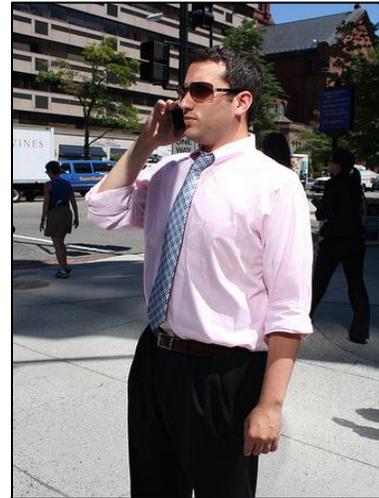
NADA reminds dealers about the Federal Communications Commission’s *stringent new consent requirements* for phone calls and text messages as of October 16. The changes apply to all telemarketing calls and messages.

The new rules require dealers and other businesses to get the customer’s *express written consent* before making a prerecorded or autodialed telemarketing call. The consent signed by the customer must specifically indicate the dealer who will make the calls and include the telephone number for which consent is given. Note that the “established business relationship exemption” to consent *is being eliminated!*

The rule may cover computers used to make or help to make telephone calls. That means the consumer’s express written consent must be secured before *any* telemarketing phone call can be made using such a system.

A business cannot make prerecorded or autodialed calls *of any kind* to a cell phone, with prior written consent. That includes informational calls, such as helpful calls to let a customer know a car is ready for pickup in the service department. Telemarketing prerecorded or autodialed calls made to cell phones now require *prior express written consent*. The same is true of automated telemarketing text messages. Some courts may determine that *all* text messages require prior express written consent.

Dealers should work with legal counsel and third party vendors to ensure that all their calls and text messages, or any calls or messages sent on the dealer’s behalf, meet the new requirements.



Telemarketing calls to cell phones now require prior express written consent. Photo by Elvert Barnes

Va. DOT chief touts replacement of gas tax with sales tax



Virginia’s transportation policy includes billions for highway construction and upgrade. Photo by Di Bedard

Virginia Secretary of Transportation Sean T. Connaughton spoke to a business group recently about the state’s success in lowering the gas tax and raising the sales tax to pay for much-needed infrastructure improvements.

“Forty percent of jobs and economic activity in this state are tied to industries that have to rely on our transportation system,” Connaughton told the Business Forum Luncheon, according to the *Northern Virginia Daily*. Those sectors are agriculture, mining, manufacturing and logistics.

The gas tax had not been raised in the Commonwealth since 1986 and was not meeting transportation needs, said Connaughton. The crude oil and asphalt used to construct roads have become more expensive, and vehicles have become more fuel-efficient. Virginia lowered its state gas tax by 6.5 percent and is now the

second lowest in the nation after Alaska. Gas prices in the Commonwealth are now the country's third to fifth lowest.

The transportation policy that includes the changes allocates \$17.6 billion. Much of it will be used to upgrade Interstate 81.

Former DOT Secretary LaHood calls for a hike in gas tax

Former Department of Transportation Secretary Ray LaHood, speaking at a transportation forum in Arlington recently, said Congress needs to raise the federal gas tax "so we can pay for infrastructure upgrades."

LaHood is not just talking about highways and bridges, which have been DOT's priorities until now, reports WAMU-FM. He said Congress needs to raise money for streetcars, high-speed rail and bike sharing programs.

The money for infrastructure has traditionally come from the Highway Trust Fund. But with the increase in fuel efficiency and the decrease in vehicle miles traveled, that's no longer sufficient, says the former DOT secretary.

"The Highway Trust Fund has been a good source of funding, but it can't be the only source of funding," said LaHood, according to WAMU. He suggests that Congress raise the gas tax and index it. Indexing the tax the last time it was raised -- 20 years ago -- would have prevented our current shortage, he added.

Other possible sources of infrastructure funding LaHood mentioned: a tax on vehicle miles traveled, public-private partnerships and tolls for transportation.

LaHood specifically praised Virginia's "outside the box" thinking in raising its sales tax to pay for transportation needs (see preceding article).

Small-business owners more pessimistic on business conditions

Small-business owners were slightly more pessimistic in September than August, especially about future business conditions, according to a poll of the National Federation of Independent Businesses (NFIB).

Part of the problem is uncertainty about the federal government. "Between botched healthcare implementation and one manufactured crisis after another, consumers and small business owners are likely to remain pessimistic, accepting the notion that growth is going to be subpar and that their government is likely to continue in dysfunctional mode for months to come," says NFIB chief economist Bill Dunkelberg.

Nearly one-fourth of owners said regulations and red tape were their No. 1 business problem, 18 percent said taxes and 17 percent said "poor sales."

The survey also found that job creation was down slightly in September, as it was in each of the past four months, except August. Twenty percent of owners reported job openings they could not fill (up 1 point from August), and 14 percent reported using temporary workers (down 2 points). Most of the jobs "created" will likely be dominated by part-time workers as owners hedge their hiring while they try to fathom the healthcare law regulations and penalties, says the NFIB.

Millennials willing to pay more for advanced auto technology

Contradicting the stereotype that millennials have no interest in cars, a new study shows they are willing to pay more for a variety of advanced auto features. The challenge, says GfK, which did the study with the Consumer Electronics Association, is to harness that interest while staying within the younger generation's limited budgets.

The study found that 74 percent of consumers, ages 18 to 34, fall into the most tech-interested segments of car buyers. Technologies they are willing to pay more for: visual warning of nearby emergency vehicle activity, seats that automatically go to driver's preferred position, and spill-proof car devices.



Young drivers are willing to pay more for advanced auto technology, but their budgets are limited.

“We generally associate advanced technology with luxury vehicles for older buyers,” says Jeff Campana, senior vice president of GfK's automotive team. “But Generations Y and Z are already highly attuned to technology and its benefits – not just Internet access on the go, but also safety and cleanliness features.”

Still, close to half of the young consumers agree with the statement, “I'd love new auto technology, but it seems too expensive.”

About 40 percent of those surveyed say small cars or midsize sedans are their first choice for an intended vehicle purchase.

Edmunds.com partners directly with dealers

Despite the uncomplimentary statement about its dealer partners posted on its car buyer site -- “a place where car buyers can trust dealers” – Edmunds.com is rolling out a new program which they say make dealers a more integral part of the site's information and referral.

Here's how it works: In conjunction with its dealer partners, Edmunds offers actual prices on specific inventory on dealer lots. The dealers agree to honor that price when presented with a certificate from Edmunds.com.

Since the Price Promise Program launched as a pilot in February and nationwide in June, dealers in the program have seen their ratings and reviews scores rise by 10 percent, says Edmunds.

The company also found that:

- Sixty percent more car shoppers are submitting their personal information on Edmunds.com in exchange for Price Promise certificates.
- These shoppers look at 150 percent more inventory pages.
- One-third of all Price Promise deals close within two days of the certificate download.

Thought for the world...

If a terrorist can change someone's mind and convince them to become a suicide bomber, we can also change their minds and tell them education is the way to bring humanity and peace.

-- 16 year old Pakistani activist Malala Yousafzai
speaking to the World Bank, Oct. 11, 2013

WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION